

## Message Text

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43

ACTION EUR-12

INFO OCT-01 ISO-00 SAM-01 CIAE-00 PM-04 INR-07 L-03

ACDA-05 NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06

TRSE-00 SAJ-01 DODE-00 SEC-01 FRB-03 OMB-01 COME-00

H-02 /066 W

----- 091950

R 141153Z JAN 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5642

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION NATO

USNMR SHAPE

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USNATO AND USNMR FOR AMBASSADOR CARLUCCI

E.O. 11652: N/A

TAGS: EFIN, PO

SUBJECT: REOPENING OF LISBON STOCK EXCHANGE

1. BEGIN UNCLASSIFIED. THE LISBON STOCK EXCHANGE, WHICH HAD BEEN CLOSED SINCE APRIL 1974, REOPENED JANUARY 12, 1976, FOR TRANSACTIONS IN PREVIOUSLY-ISSUED, FIXED-INCOME SECURITIES, PRINCIPALLY GOVERNMENT BONDS. EXCHANGE WILL BE OPEN THREE DAYS A WEEK UNTIL FURTHER NOTICE. STOCK OPERATIONS ARE PROHIBITED FOR TIME BEING. END UNCLASSIFIED.

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2. COMMENT: NUMEROUS PURCHASE INQUIRIES WERE MADE, ESPECIALLY BY INSTITUTIONAL INVESTORS, BUT VERY FEW SALES WERE REPORTEDLY COMPLETED. PRICES OPENED RELATIVELY FIRM WITH AN IMPLICIT AVERAGE RETURN OF ABOUT 6.3 PERCENT. PRICE STABILITY EXPLAINED  
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LARGELY BY LACK OF SALES OFFERS. THIS LACK REFLECTS CONSCIOUS

GOVERNMENT POLICY TO AVOID SHARP PRICE DECLINE, WHICH MOST OBSERVERS HAD EXPECTED. GOP ABLE TO CONTAIN SALES OFFERS BECAUSE COMMERCIAL BANKS AND OTHER GOVERNMENT-MANAGED INSTITUTIONS HOLD VAST MAJORITY OF OUTSTANDING BONDS.

3. VERY FEW OBSERVERS EXPECT REOPENING OF EXCHANGE TO GENERATE SIGNIFICANT SALES FOR THE PRESENT. GOVERNMENT HAD TWO BASIC OBJECTIVES IN REOPENING MARKET. FIRST, TO REESTABLISH INSTITUTIONAL STRUCTURE TO HANDLE HOPED-FOR REVIVAL OF MARKET IN COMING MONTHS, A REVIVAL GOP MAY PROMOTE BY INDEXING FUTURE BOND ISSUES. SECOND, EXCHANGE REOPENING IS DESIGNATED TO SIGNAL TREND IN GOP ECONOMIC/FINANCIAL POLICY. AS ONE GOVERNMENT OFFICIAL NOTED TO US: "NO EASTERN EUROPEAN COUNTRY HAS A STOCK EXCHANGE."

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SECURITIES MARKETS, ESTABLISHMENT OF OFFICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LISBON00263  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760014-0061  
**From:** LISBON  
**Handling Restrictions:** n/a  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 MAR 2004 by izenbei0>; APPROVED <20 APR 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REOPENING OF LISBON STOCK EXCHANGE  
**TAGS:** EFIN, PO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006